GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:278
ANSWERED ON:16.03.2007
FOREIGN BANKS
Prasad Shri Hari Kewal;Thummar Shri Virjibhai

Will the Minister of FINANCE be pleased to state:

(a) the number of foreign banks operating in the country at present;

(b) whether the foreign banks are making huge profits in comparison to the Indian banks;

(c) if so, the reasons therefor;

(d) the comparative details of losses and profits made by foreign as well as Indian banks during the last three years; and

(e) the reaction of the Government thereto?

Answer

FINANCE MINISTER (SHRI P. CHIDAMBARAM)

(a) to (e) : A statement is laid on the Table of the House.

STATEMENT FOR LOK SABHA STARRED QUESTION NO.278 FOR 16TH MARCH, 2007 REGARDING FOREIGN BANKS TABLED BY SHRI V.K. THUMMAR AND SHRI HARIKEWAL PRASAD

(a) : Presently, 29 Foreign Banks are operating in the country.

(b) to (e) : Foreign banks reported net profit of Rs. 3,069 crore during the year 2005-06, as against Rs. 21,524 crore reported by Indian banks for the same period. However, while foreign banks registered a return on assets (ROA) of 1.52% for the year ended March 2006, the ROA of new private sector banks and public f sector banks was at 0.97% and 0.82% respectively for the year ended March` 2006. Foreign banks made better profits on account of higher interest spread, relatively larger share of non-interest income in total income and lower operating expenses.
Details of net profits earned by public sector banks, private sector banks and foreign banks during the last three years are given below:-

(Rs. in crore)
Net Profit

	2003-04	2004-05	2005-06
Public Sector Banks	16,546	15,442	16,539
Private Sector Banks	3,481	3,534	4,985
Sub-Total	20,027	18,976	21,524
Foreign Bank	2,243	1,982	3,069

includes IDB1 Ltd.